

1 what they have proposed and understood it and
2 made a decision which was in the best interest of
3 the business overall, that shows me he has the
4 control, that their expenditures are not allowed
5 to take place or the commitments are not allowed
6 to take place unless it's incorporated into an
7 annual plan or some adjustment to the annual plan
8 if the situation would dictate it.

9 Q. Did you review the fees charged for
10 showing the switch?

11 A. Yes. It was written in the management
12 agreement.

13 Q. Do you know if those are standard fees
14 charged for showing a switch?

15 A. I wouldn't say they are standard fees,
16 but they are in line with others that are out
17 there. There are a couple of different ways to
18 approach how one might price the services of a
19 switch. But a per-minute fee, either on a
20 percentage or a real dollar basis, is not all
21 that uncommon.

22 Q. Did you review the fees charged for
23 managing of the system?

24 A. Yes. Again, in the context of the
25 management agreement.

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 Q. Are those standard management fees?

2 A. Again, they are certainly within the
3 range of others that I've seen. I've seen some
4 lower. I've seen some higher. I don't think
5 there is anything that I would refer to as
6 standard, because it's a competitive business.

7 Even when you're trying to manage, if
8 your fees are outlandish, the owners are not
9 necessarily going to sign up for it. One has to
10 be different by the competitive dictates and that
11 aspect of the business as well.

12 MR. WEBER: Thank you. That's all the
13 questions I have.

14 MR. GURMAN: I just have a couple.

15 EXAMINATION BY COUNSEL FOR DEFENDANT

16 AMERICAN CELLULAR NETWORK CORP.

17 BY MR. GURMAN:

18 Q. What length of time were you
19 vice president of operations at Metro-Mobile?

20 A. My career with Metro-Mobile spanned
21 about five years and I was VP of operations for
22 the last two years of that.

23 Q. Could you describe what your general
24 responsibilities were?

25 A. I had P&L responsibility for 17 MSA

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 operations spread throughout the United States
2 and five RSA operations which are managed
3 operations with object of ownership at the end.
4 Also, strategic responsibility for the cellular
5 business and the merger and acquisition side of
6 it.

7 Q. During that period of time,
8 approximately how many pops -- or the
9 vernacular -- for the number of people in the
10 market?

11 A. I believe our total pop base was
12 11 million.

13 Q. Can you recall during that period of
14 time the size of Metro-Mobile relative to other
15 independent or nontelephone cellular carriers?

16 A. On the nonwire-line side, we were the
17 fourth largest nonwire-line cellular company. In
18 a combination of cellular companies I believe we
19 came out at 11.

20 Q. For the record, would you please
21 further explain what P&L responsibility is?

22 A. It's the short-term version of having
23 the financial responsibility for the business.
24 That included all of the budgeting and financial
25 planning that took place for our cellular

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 operations.

2 MR. GURMAN: I have no further
3 questions.

4 MR. LARSON: I have nothing further.

5 MR. WEBER: Nothing further.

6 Do you want to read and sign?

7 THE WITNESS: I will waive it.

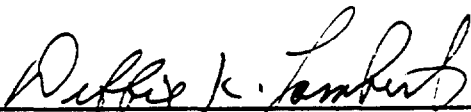
8 (Whereupon, at 11:00 a.m., the
9 signature of the witness having been waived, the
10 witness being present and consenting thereto, the
11 taking of the instant deposition ceased.)
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

UNITED STATES OF AMERICA) ss.:

DISTRICT OF COLUMBIA)

I, DEBBIE K. LAMBERT, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.



*Notary Public in and for
the District of Columbia*

My commission expires: 11-30-97

ERRATA SHEET FOR THE TRANSCRIPT OF:

Notice Date: 05/01/95
Case Name: In Re: Ellis Thompson Corporation
Case Number: 14261-CL-P-134-A-86
Dep. Date: 04/28/95
Deponent: Robert Sauder
Place: Washington, D.C.

CORRECTIONS:

<u>Page</u>	<u>Line</u>	<u>Now Reads</u>	<u>Should Read</u>	<u>Reasons Therefore</u>
6	23-24	...four years...	...a year and a half...	Clarification
8	15	No. Companies...	No. Not companies...	Clarification
8	15-16	...100 percent we don't have any debt...	...100 percent and where we don't have any debt...	Clarification



Signature of Deponent

1 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

2 WASHINGTON, D.C. 20554

3 CC DOCKET NO. 94-136

4 - - - - - X

5 In re Application of :

6 ELLIS THOMPSON : File No.

7 CORPORATION : 14261-CL-P-134-A-86

8 - - - - - X

9 Washington, D.C.

10 Friday, April 28, 1995

11 Deposition of ROBERT BARRY SAUDER, a
 12 witness herein, called for examination by counsel
 13 for Federal Communications Commission in the
 14 above-entitled matter, pursuant to agreement, the
 15 witness being duly sworn by JAN A. WILLIAMS, a
 16 Notary Public in and for the District of
 17 Columbia, taken at the offices of Gurman, Kurtis,
 18 Blask & Freedman, Suite 500, 1400 16th Street,
 19 N.W., Washington, D.C., 20036, at 12:30 p.m.,
 20 Friday, April 28, 1995, and the proceedings being
 21 taken down by Stenotype by JAN A. WILLIAMS and
 22 transcribed under her direction.

23

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO

1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 you to answer as truthfully and as fully as
2 possible. If you ever don't understand a
3 question, let me know and I'll rephrase the
4 question. Be sure you do answer verbally as the
5 court reporter cannot take down a shake of the
6 head or a nod.

7 Did you do anything to prepare for this
8 deposition today?

9 A. I met briefly with Lou last week.

10 Q. Did you review any documents?

11 A. A few that I provided, yes.

12 Q. What is your educational background?

13 A. Bachelor of Science in accountancy from
14 Villanova University.

15 Q. I'm sorry, what you did you say the
16 bachelor of science was in?

17 A. Accountancy.

18 Q. What is your current occupation?

19 A. Controller of Comcast Cellular
20 Communications, Inc.

21 Q. How long have you been in this
22 position?

23 A. I've been with the company about ~~four~~
24 years in this position.

25 Q. What did you do before being controller

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO

1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 Metrophone system, consolidate the information,
2 and report it internally on a monthly basis,
3 externally on a quarterly basis.

4 Q. And you report internally to whom?

5 A. We prepare reports, of course, for
6 Anna, Don Harris, and Comcast Corporation
7 downtown.

8 Q. And externally for whom?

9 A. Principally the banks, our lenders, and
10 bondholders. Those are the users of the
11 financial statements. We do an annual audit each
12 year.

13 Q. Is this done for all the cellular
14 systems which Comcast either owns or manages?

15 A. No. ^{Not} Companies that we own 100 percent *and where*
16 we don't have any debt. Our debt is structured
17 into two holding companies and it's the holding
18 companies that we do it for. The annual audits
19 are principally for -- there's Comcast Cellular
20 Corporation we refer to as CCC, Comcast Cellular
21 Communications, Inc., that's CCCI. There's also
22 an audit of Cell South which is the Mercer County
23 and Ellis Thompson Corporation.

24 Q. Now, this is for the annual audits or
25 this is also for the monthly internal and

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

2 WASHINGTON, D.C. 20554

3 CC DOCKET NO. 94-136

4 - - - - - X

5 In re Application of :

6 ELLIS THOMPSON : File No.

7 CORPORATION : 14261-CL-P-134-A-86

8 - - - - - X

9 Washington, D.C.

10 Friday, April 28, 1995

11 Deposition of ROBERT BARRY SAUDER, a
12 witness herein, called for examination by counsel
13 for Federal Communications Commission in the
14 above-entitled matter, pursuant to agreement, the
15 witness being duly sworn by JAN A. WILLIAMS, a
16 Notary Public in and for the District of
17 Columbia, taken at the offices of Gurman, Kurtis,
18 Blask & Freedman, Suite 500, 1400 16th Street,
19 N.W., Washington, D.C., 20036, at 12:30 p.m.,
20 Friday, April 28, 1995, and the proceedings being
21 taken down by Stenotype by JAN A. WILLIAMS and
22 transcribed under her direction.

23

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO

1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES:

2

3 On behalf of the Wireless Telecommunications
4 Bureau of the Federal Communications
5 Commission:

6 JOSEPH PAUL WEBER, ESQ.

7 TERRENCE E. REIDELER, ESQ.

8 The Wireless Telecommunications Bureau
9 Federal Communications Commission

10 1919 M Street, N.W., Room 644

11 Washington, D.C. 20554

12 (202) 418-1317

13

14 On behalf of Ellis Thompson Corporation:

15 R. BRUCE BECKNER, ESQ.

16 Fleischman and Walsh

17 1400 16th Street, N.W.

18 Washington, D.C. 20036

19 (202) 939-7913

20

21

22

23

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 APPEARANCES: (Continued)

2

3 On behalf of American Cellular Network
4 Corp.:

5 LOUIS GURMAN, ESQ.

6 Gurman, Kurtis, Blask & Freedman

7 Suite 500

8 1400 16th Street, N.W.

9 Washington, D.C. 20036

10 (202) 328-8200

11

12 On behalf of Telephone & Data Systems, Inc.:

13 HERBERT D. MILLER, JR., ESQ.

14 Koteen & Naftalin

15 1150 Connecticut Avenue

16 Washington, D.C. 20036

17 (202) 467-5700

18

19

20

21

22

23

24

25

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO

1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

C O N T E N T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

THE WITNESS EXAMINATION BY COUNSEL FOR
ROBERT BARRY SAUDER FEDERAL COMMUNICATIONS
COMMISSION

By Mr. Weber

5

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 P R O C E E D I N G S

2 Whereupon,

3 ROBERT BARRY SAUDER,
4 business address at Comcast Cellular
5 Communications, Inc., 480 E. Swedesford Road,
6 Wayne, Pennsylvania, 19087-1867, was called as a
7 witness by counsel for Federal Communications
8 Commission, and having been duly sworn by the
9 Notary Public, was examined and testified as
10 follows:

11 EXAMINATION BY COUNSEL FOR
12 FEDERAL COMMUNICATIONS COMMISSION

13 BY MR. WEBER:

14 Q. Good morning, Mr. Sauder. My name is
15 Joseph Weber and I represent the Wireless
16 Telecommunications Bureau at the FCC.

17 Could you please state your name for
18 the record.

19 A. It's Robert Barry Sauder.

20 Q. Have you ever had your deposition taken
21 before?

22 A. No.

23 Q. I'm sure counsel has explained to you
24 what we'll be doing, but I'll go over it
25 briefly. I'll be asking you questions, I want

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO

1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 you to answer as truthfully and as fully as
2 possible. If you ever don't understand a
3 question, let me know and I'll rephrase the
4 question. Be sure you do answer verbally as the
5 court reporter cannot take down a shake of the
6 head or a nod.

7 Did you do anything to prepare for this
8 deposition today?

9 A. I met briefly with Lou last week.

10 Q. Did you review any documents?

11 A. A few that I provided, yes.

12 Q. What is your educational background?

13 A. Bachelor of Science in accountancy from
14 Villanova University.

15 Q. I'm sorry, what you did you say the
16 bachelor of science was in?

17 A. Accountancy.

18 Q. What is your current occupation?

19 A. Controller of Comcast Cellular
20 Communications, Inc.

21 Q. How long have you been in this
22 position?

23 A. I've been with the company about four
24 years in this position.

25 Q. What did you do before being controller

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 of Comcast?

2 A. I was the accounting manager for one of
3 their subsidiaries.

4 Q. And which subsidiary was that?

5 A. Metrophone.

6 Q. Prior to being at Metrophone, were you
7 in any telecommunications related industry?

8 A. No.

9 Q. What is your business address, your
10 current business address?

11 A. 480 East Swedesford Road, Wayne,
12 Pennsylvania.

13 Q. What is your telephone number?

14 A. (610) 995-3759.

15 Q. What was your telephone number prior to
16 the 610 area code being adopted?

17 A. I don't recall.

18 Q. That's fine.

19 A. 5037, 975-5037. Too many numbers.

20 Q. What are your duties and
21 responsibilities as controller?

22 A. Primarily internal and external
23 financial reporting for the consolidated group.
24 We take the information from the various systems,
25 Wilmington, New Jersey, Philadelphia, the

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 Metrophone system, consolidate the information,
2 and report it internally on a monthly basis,
3 externally on a quarterly basis.

4 Q. And you report internally to whom?

5 A. We prepare reports, of course, for
6 Anna, Don Harris, and Comcast Corporation
7 downtown.

8 Q. And externally for whom?

9 A. Principally the banks, our lenders, and
10 bondholders. Those are the users of the
11 financial statements. We do an annual audit each
12 year.

13 Q. Is this done for all the cellular
14 systems which Comcast either owns or manages?

15 A. No. Companies that we own 100 percent
16 we don't have any debt. Our debt is structured
17 into two holding companies and it's the holding
18 companies that we do it for. The annual audits
19 are principally for -- there's Comcast Cellular
20 Corporation we refer to as CCC, Comcast Cellular
21 Communications, Inc., that's CCCI. There's also
22 an audit of Cell South which is the Mercer County
23 and Ellis Thompson Corporation.

24 Q. Now, this is for the annual audits or
25 this is also for the monthly internal and

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 quarterly external audits?

2 A. They don't all get the same. I'm
3 trying to think of the easiest way to tell you.
4 Cell South we don't do any quarterly external.
5 Internally it's every month, we report their
6 income statements every month, all companies
7 every month. The systems locations generate
8 income statements, balance sheets, what have
9 you.

10 Our focus is on operating results.
11 Quarterly it's CCC and CCCI and Ellis Thompson.
12 We send information to the banks to make sure
13 that we're in compliance with their debt
14 covenants, restrictions on how the money is used,
15 and things like that.

16 Q. So you mentioned Ellis Thompson, you're
17 referring to the Atlantic City system?

18 A. Right, Ellis Thompson Corporation.

19 Q. You do not do monthly reports for the
20 Ellis Thompson Corporation?

21 A. I don't. The corporate group or
22 whatever is involved, the corporate headquarters,
23 if you will, for cellular. Each month -- Ellis
24 has an operating company that is managed out of
25 the Wilmington system. Each month checks are

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 written, you know, AP is paid, AP is posted,
2 expense reports -- expense accounts are posted.
3 And there's an income statement and balance sheet
4 generated through the accounting system. That's
5 probably John Moerman's day-to-day activities.

6 Q. But you do have input into the
7 quarterly reports?

8 A. I take the internal financial
9 statements for the quarter which are generated by
10 their system down in Wilmington and put them into
11 a GAAP format, Generally Accepted Accounting
12 Principles, that all banks and all investors look
13 for on a quarterly basis. So I take their
14 information and it's more or less a summarization
15 process and provide them in that format.

16 Q. Do you do anything else that relates to
17 the Atlantic City system other than that?

18 A. No.

19 Q. When you were accounting manager in
20 Metrophone, did you have any duties which related
21 to the Atlantic City system?

22 A. No. When I was at Metrophone, I was
23 the accounting manager and that was prior to
24 Comcast purchasing the Metrophone system. So
25 Ellis Thompson, I never even heard of him.

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 Q. Now, you've mentioned the name Ellis
2 Thompson. Do you know who he is?

3 A. I know who he is. When I say Ellis
4 Thompson, I'm referring to Ellis Thompson
5 Corporation. I believe I've seen him previously
6 for 30 seconds or less.

7 Q. And that's the only time you ever met
8 Mr. Thompson?

9 A. Uh-huh.

10 Q. That's a yes?

11 A. Yes. I'm sorry.

12 Q. Do you recall the circumstances when it
13 came to be when you saw him for 30 seconds or so?

14 A. He was sitting in our board room
15 similar to this and I ran some documents in for
16 Anna and just briefly saw him.

17 Q. Have you ever spoken with him?

18 A. I don't believe so, no.

19 Q. Do you know what role Mr. Thompson
20 plays in Ellis Thompson Corporation?

21 A. I'll tell you what I do know, I'm not
22 sure how accurate it is, but he won the lottery,
23 if you will, back in '88 and is I guess the owner
24 of the license for that system.

25 Q. And how did you come about this

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 knowledge?

2 A. I've been with the company four years,
3 I mean I prepare financial statements, I mean I
4 have general knowledge of the circumstances.

5 Q. Have you ever had discussions with
6 Ms. Hillman about Ellis Thompson Corporation?

7 A. Sure.

8 Q. Has she ever told you anything about
9 the ownership of Ellis Thompson Corporation?

10 A. Well, I am aware of the ownership of
11 Ellis Thompson, I believe he owns 100 percent of
12 the stock in that company. And that is disclosed
13 probably in the first paragraph of the financial
14 statements.

15 So that ownership interest hasn't
16 changed over the years, but at some point I
17 discussed with her over the years is this still
18 correct, has this changed, anything like that,
19 just to make sure that what I'm preparing and
20 sending to the banks is correct. It's common
21 knowledge that Ellis owns the system.

22 Q. What role does Comcast play in the
23 system?

24 A. We manage the system.

25 Q. And can you recall how you came about

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 that knowledge?

2 A. Not specifically. We manage the system
3 for Ellis.

4 Q. Have you ever seen the management
5 agreement for Ellis Thompson Corporation?

6 A. Yes.

7 Q. Have you read it?

8 A. Yes.

9 Q. Who gave it to you?

10 A. Probably Anna.

11 Q. Can you recall what she said when she
12 gave it to you?

13 A. To be truthful with you, she probably
14 didn't give it to me, I probably went into our
15 files to look something up in the agreement which
16 is common, we share files.

17 Q. Why would you need to look something up
18 in the agreement?

19 A. To make sure we were complying with it,
20 just reference it, questions coming up. One of
21 my duties is to make sure that the systems are
22 doing what they should be doing. So from time to
23 time I take a look at their books and their
24 records, make sure that -- one of the things I
25 would check is the computation of various

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 management fees correct.

2 So, if Ellis is 7 percent or 8 percent,
3 I don't know off the top of my head what it is, I
4 would take a calculator to the gross revenue or
5 whatever it is to make sure they've done it
6 correctly.

7 Q. You just mentioned management fees.
8 What other things would you be checking to be
9 sure are in compliance with the management
10 agreement?

11 A. That was an example, and that's
12 probably why I would look to that document. I
13 can't recall specifically why I would go into his
14 document. The systems were in place when I got
15 there probably two years ago and I feel
16 comfortable that we're following the agreement.

17 So, if we don't change anything, I'm
18 not going to go perusing documents that I don't
19 have time to -- you know, we're following the
20 agreement. And, if we don't change anything or
21 nothing new surfaces, there's no reason to go
22 back into it.

23 Q. Are there any differences in how you
24 prepare the external reports as to the Atlantic
25 City system and as to any of the other Comcast

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO

1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005

1 systems?

2 A. They're all on a GAAP basis.

3 Q. Are there any differences because of
4 the management agreement?

5 A. Not because of the management
6 agreement, but Ellis' statements are Ellis'
7 statements. He is the author or he's responsible
8 for it. And he's not an accountant, he doesn't
9 physically prepare them, nor does the president
10 of our company.

11 But those statements go out to David
12 Lokting for a review, David reviews them with
13 Ellis. David works on the financial statement
14 footnotes quite a bit more -- well, he works on
15 them, especially the litigation footnote which is
16 the last footnote paragraph in the financial
17 statements.

18 David writes that, faxes it back to me
19 or mails it back to me, and we do the typing; and
20 then that document goes to the printer, the
21 difference being there is our in-house counsel,
22 Jeff Smith, when we're doing CCC or CCCI, he
23 prepares that or I prepare it and he reviews it.
24 With Ellis, Lokting does that work.

25 Q. Have you ever spoken with Mr. Lokting?

ALDERSON REPORTING COMPANY, INC.

(202)289-2260 (800) FOR DEPO
1111 14th ST., N.W., 4th FLOOR / WASHINGTON, D.C., 20005